



State of Utah

Department of Natural Resources

ROBERT L. MORGAN
Executive Director

Division of Oil, Gas & Mining

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

August 5, 2004

William Bown
Bonneville Quarries, Incorporated
842 West 400 North
West Bountiful, Utah 84087

Subject: Approval of Form and Amount of Reclamation Surety, Bonneville
Quarries, Inc., Enterprise Millsite, S/003/032, Box Elder County, Utah

Dear Mr. Bown:

Thank you for furnishing the \$11,711.00 Letter of Credit (LOC), issued by Barnes Banking Co. as reclamation surety for your Enterprise Mill small mining operations. The BLM and the Utah Legislature now require that all mining operations have reclamation surety.

On August 4, 2004, the Associate Director of Mining signed and executed the contract. We have enclosed copies of the Reclamation Contract and LOC for your files. We will forward a copy of the executed documents to the BLM state office for their records.

The acceptance of this surety is for a small mining operation only, **not to exceed 4.81 acres**. You are not authorized to disturb beyond the 4.81 acre limitation without first amending your notice, adjusting the bond amount and receiving written acceptance from this office as well as from the BLM. If you wish to expand to a large mine status, approval typically takes up to six to twelve months or longer.

If you have questions or concerns regarding this letter, please contact me at (801) 538-5325 or Lynn Kunzler at 538-5310. Best wishes with your new mining venture.

Sincerely,

Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:jb

Enclosure: Copy of RC & LOC

cc: Opie Abeyta, BLM State Office, w/Encl

O:\M003-Box Elder\S0030032-Enterprise\final\apvl-surety-08052004.doc

FORM MR-RC
Revised September 2, 2003
RECLAMATION CONTRACT

File Number S/003/032
Effective Date Aug 4, 2004
Other Agency File Number BLM UTU-72297

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

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RECLAMATION CONTRACT

---ooOoo---

DIV OF OIL GAS & MINING

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)
(Mineral Mined)

S/003/032
Quartzite

"MINE LOCATION":
(Name of Mine)
(Description)

Enterprise Millsite
Bonneville Quarries Inc. Stoneyard
Highway 30 Park Valley
Utah 84329

"DISTURBED AREA":
(Disturbed Acres)
(Legal Description)

N 1/2 NE 1/4 NE 1/4 sec. 31 T. 13N R. 13W
2 miles West of Park Valley, Utah, on Utah
4.81 acres State RD 30
(refer to Attachment "A")

"OPERATOR":
(Company or Name)
(Address)

Bonneville Quarries Inc
842 W 400 N
West Bountiful UT 84087

(Phone)

801-295-0601

"OPERATOR'S REGISTERED AGENT":

Name)
(Address)

(Phone)

William L Bown
842 W 400 N
West Bountiful UT 84087
801-295-0601

"OPERATOR'S OFFICER(S)":

William L. Bown President
Tristina H. Bown Vice-President
Dreston E. Bown Secretary

SURETY":

(Form of Surety - Attachment B)

Irrevocable Letter of Credit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Barnes Banking Co
#

"SURETY AMOUNT":

(Escalated Dollars)

\$11,711.00

"ESCALATION YEAR":

2005

"STATE":

"DIVISION":

"BOARD":

State of Utah
Division of Oil, Gas and Mining
Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Bonneville Quarries Inc. the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. 5/003/032 which has been approved/accepted by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved/accepted Reclamation Plan or Notice, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the approved/accepted Notice of Intention and Reclamation Plan or Notice received Feb 21, 1995. The Notice of Intention and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face

amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Bonneville Quarries Inc.

Operator Name

By William L. Bown

Authorized Officer (Typed or Printed)

President - William L. Bown

Authorized Officer - Position

William L. Bown

Officer's Signature

7/23/04

Date

STATE OF Utah

COUNTY OF DAVIS) ss:

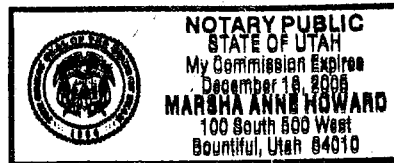
On the 23rd day of July, 2004, William L. Bown personally appeared before me, who being by me duly sworn did say that he/she is the President of Bonneville Quarries Inc. and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said William L. Bown, President duly acknowledged to me that said company executed the same.

Marsha Anne Howard
Notary Public

Residing at Bountiful, Utah

12.16.05

My Commission Expires:



DIVISION OF OIL, GAS AND MINING:

By *Mary Ann Wright*
Mary Ann Wright, Associate Director

Date 8/4/04

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 4th day of August, 2004, Mary Ann Wright personally appeared before me, who being duly sworn did say that she, the said Mary Ann Wright is the Associate Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and she duly acknowledged to me that she executed the foregoing document by authority of law on behalf of the State of Utah.



Joelle Burns
Notary Public
Residing at: S LC Utah

April 4. 2005
My Commission Expires:

ATTACHMENT "A"

William L. Bown
Operator

Enterprise Millsite
Bonneville Quarries Inc.
Mine Name

S/003/072
Permit Number

Box Elder County, Utah

LEGAL DESCRIPTION

Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.

The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed 5 acres under the approved / accepted permit and surety, as reflected on the attached map labeled Enterprise Millsite and dated Feb 21, 1995:

N 1/2 NE 1/4 NE 1/4 NE 1/4 Sec. 31 T. 13N R. 13W
2 miles west of Park Valley, Utah
on Utah state Road 30.



IRREVOCABLE LETTER OF CREDIT

Utah Department of Natural Resources
Division of Oil Gas and Mining and

Letter of Credit #~~XXXXXXXXXX~~
Dated: July 23, 2004
Expires: July 23, 2005

U.S. Department of the Interior
Bureau of Land Management

To Whom It May Concern:

1. Barnes Banking Company ("Bank"), of Kaysville, Utah, hereby establishes this Irrevocable Letter of Credit #~~XXXXXXXXXX~~ in favor of the Utah Division of Oil, Gas and Mining ("Division"), for itself and as agent for the Bureau of Land Management ("Collective Beneficiaries") for an aggregate amount not to exceed \$11,711.00 ("Face Amount") in United States dollars effective immediately.

2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (Salt Lake City time) on July 23, 2005 or (b) the date upon which sufficient documents are executed by the Division to release Bonneville Quarries, Inc. ("Operator") from further liability for reclamation of the Enterprise Millsite, permit #S/003/032, with notice to the Bank by the Division accompanied by the original Letter of Credit with directions for cancellation.

3. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless the Bank gives notice to the Division 90 days prior to the expiration date that the bank elects not to renew the Letter of Credit.

4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit #~~XXXXXXXXXX~~ delivered to the office of:
Barnes Banking Company
Attention: Lamont D. Tingey
Senior Vice President
33 South Main Street
Kaysville, Utah 84037.

At the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.

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DIV. OF OIL, GAS & MINING

5. If the Bank receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination of this Letter of Credit, the Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following the bank's receipt of the sight draft and certificate and in such a manner as the Division may specify.

6. The Bank will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Bank, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Bank's charter or license to do business.

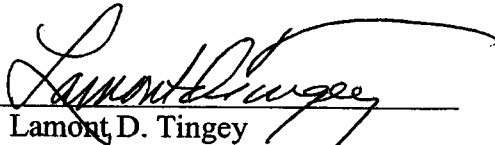
7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1993 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

8. All communications regarding this Letter of Credit will be addressed to Barnes Banking Company, Attention: Lamont D. Tingey, Senior Vice President, 33 South Main Street, Kaysville, Utah 84037, referencing Letter of Credit # [REDACTED].

Very truly yours,

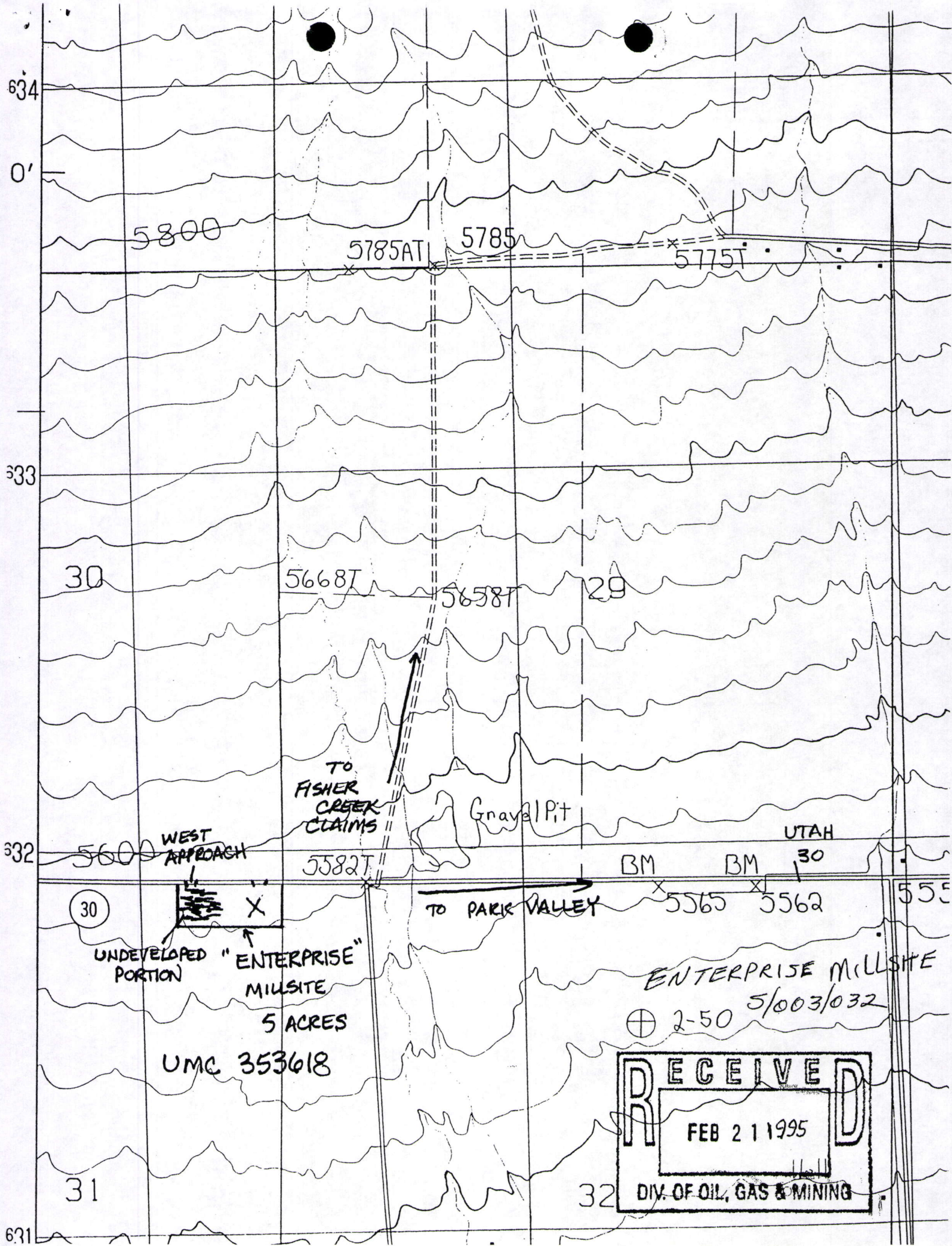
BARNES BANKING COMPANY

By:



Lamont D. Tingey

Senior Vice President and Senior Credit Officer



WEST APPROACH

TO FISHER CREEK CLAIMS

Gravel Pit

UTAH

UNDVELOPED PORTION
ENTERPRISE MILLSITE
5 ACRES
UMC 353618

TO PARK VALLEY

ENTERPRISE MILLSITE
2-50 5/003/032

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FEB 21 1995
DIV. OF OIL, GAS & MINING